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THE IMPACT OF FEDERAL FUNDS ON JUNIOR COLLEGES IN FLORIDA.

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RECENTLY, SUPPORT OF PUBLIC EDUCATION HAS BEEN AFFECTED BY (1) THE ECONOMIC AND SOCIAL BENEFITS RELATED TO THE OPTIMUM EXPENDITURE FOR EDUCATION AND (2) THE TRENDS OF PUBLIC FINANCE WHICH HAVE INFLUENCED THE SUPPORT PATTERNS FOR COMMUNITY JUNIOR COLLEGE EDUCATION IN THE UNITED STATES. THE INEVITABILITY OF FEDERAL SUPPORT IS FIRMLY ESTABLISHED. THE NEED TO HAVE CURRICULUM BASED NOT ONLY ON LOCAL CONSIDERATIONS HAS PRECIPITATED MUCH FEDERAL SUPPORT. ECONOMIC STABILITY AND PROGRESS, AND NATIONAL SECURITY, ARE BASED ON EDUCATION. SUPPORT FOR MANY JUNIOR COLLEGES NOW COMES FROM THREE LEVELS OF GOVERNMENT. ALTHOUGH THE NATIONAL INCOME OF THE COUNTRY HAS RISEN, THERE HAS BEEN NO COMPARABLE INCREASE IN LOCAL FINANCIAL SUPPORT FOR JUNIOR COLLEGES. FEDERAL FUNDS IN FLORIDA INCREASED 1,000 PERCENT FROM 1963 TO 1966. THIS HAS HAD BOTH POSITIVE AND NEGATIVE EFFECTS. FACILITIES, CURRICULUM, AND COUNSELING HAVE IMPROVED, BUT COLLEGES IN THE SAME STATE ARE FORCED TO COMPLETE FOR THE FUNDS. FEDERAL FUNDS HAVE CAUSED A DECREASE IN THE NUMBER OF SEGREGATED SCHOOLS, ALTHOUGH A NUMBER OF INFERIOR NEGRO SCHOOLS ARE BEING KEPT OPEN BY THESE FUNDS. THIS PAPER WAS PRESENTED AT THE NATIONAL CONFERENCE ON SCHOOL FINANCE (9TH, CHICAGO, APRIL 3-5, 1966). (HS)

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U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
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THE IMPACT OF FEDERAL FUNDS ON JUNIOR COLLEGES IN FLORIDA

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at the

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Several years ago, I had the opportunity to make a speech at a national meeting which was entitled "The Impact of Federal Programs on the Financing of Junior Colleges." It was most interesting for me to look back over that speech and to compare what I had to say at that time with what I will want to say today. The final statement in that speech was:

> "In summary, I would point out that the impact of federal programs upon the financing of junior colleges up to the present time has been entirely an indirect one. Since the junior colleges are specifically oriented toward their local communities and highly value their local control, I would suspect that this impact likely would continue to be indirect for some time to come."

This speech was made before any of the legislation providing funds directly for higher education had been passed by Congress, and there were only a few states in which junior colleges had participated to any great extent in the recently passed NDEA Bill. Florida was one of those states, and we had been using National Defense Education Act funds in our junior college programs in a number of ways, even at the time this first speech was made.

Since that time, there have been many changes in federal support for educational programs and the emphasis of the national legislation upon education at the elementary, the secondary, and the higher education levels has changed a great deal.

During recent years, there have been two specific developments in the field of economics and public finance which have affected the support of education. I would categorize these under two major headings: 1, The economic and social benefits of education as may be related to the optimum expenditure for education; and 2, the trends in public finance which have influenced the support patterns for community junior college education in the United States.

Economists and experts in the areas of school finance have conducted a number of research studies over the past few years which have illustrated quite conclusively that there is a definite connection between education

and social and economic improvement. We also have realized that these benefits are not limited to a single area of a state, to a single state, or to the nation. The consequences of education have assumed a global nature. The need for employees in various types of technical jobs and the improvement of transportation have encouraged mobility of population, not only within national boundaries, but also across them. An obvious implication of these facts for a community junior college administrator is that education at this level must be developed not only for those who now are participating, but for a continually increasing number of persons. The curriculum offerings must include a variety of occupational offerings, not only for economic reasons but also for personal reasons for each individual. The concept of community-centered programs must be considered in a much wider context.

The economic benefits of education are not reaped solely by the individual, however. In fact, there are a number of writers who have maintained that educational opportunity is a critical factor in national security. Many writers contend that federal aid to education is an absolute national necessity. These writers maintain also that the cost of education must be divorced from the family capacity to pay and the social position of the family. This conclusion is reached because of the assertion that there is a social good as well as an individual good received from opportunity for continued education. The concern evidenced in the United States a few years back when it was concluded that Russia's education system was producing more engineers than our system is an example of the way national welfare is brought into the educational decisions. These facts negate the frequently propounded arguments that education is of benefit to the individual and <u>ergo</u> he should pay for it. (The fact that he will pay through taxation is not considered in this argument.)

It is of importance to economic stability and progress as well as to national security to develop opportunities which are widely available and of low cost to the student. An implication of these facts is that community junior college boards should keep fees low or eliminate them entirely. The development of scholarship funds also become an important interpretation of public policy. The concern of economists for student's foregone earnings during the period of his education have become a part of the estimates of the total cost of education.

Another conclusion often reached by economists is concerned with the individual character of the benefits of education. No one can exclude the non-students from achieving sizable gains from expenditures for education. It has become a national policy to use education to break the cycle of poverty and overcome the lack of motivation among low income groups. Therefore, education is not a commodity which can be sold at market prices to those who receive the benefits directly. The importance of encouraging all persons to take advantage of education becomes a major consideration.

In the practice of public finance, taxation of individuals must be based on broad general principles of public good and not on the basis of an exact determination of the direct dividends received. Determining the optimum expenditure for education is a political process through which the claims for resources for education can be evaluated against the claims for other public services. These assumptions lead to the conclusion that general taxation for improved education opportunities will result in benefits for everyone -- both the student and the non-student.

In summary, I would point out that the implications of these studies are:

1. That post high school education must be made available to all who can benefit therefrom;

2. That curriculum must not be based solely on local considerations;

3. That there is continued need for courses which improve communication between people;

4. That fees should be kept low or even eliminated when possible;

5. That factors which encourage attendance should be given careful attention; and

6. That general taxation is the sound basis for post high school education.

The second major heading mentioned earlier is concerned with the trends of public finance which may be related to support for community junior college education. This is the point where a great deal has happened which would change my remarks from those I made a few years ago in this regard. In the various states, several different methods for support for public education have developed recently. The public community junior college is an outstanding illustration of the variety of these differences.

Typically, the community junior college has been started under local support. In this respect, the support for the community junior college has been more nearly similar to the support for grades 1-12 than to the support for colleges and universities. However, more recently a wide variety of support patterns has been developed and some of the new developments in public finance have had a specific and direct impact upon public community junior college support.

Local taxation typically has been a real and personal property tax. The principal basis for state taxation has been sales taxes and other use taxes. Federal income typically has been derived from income taxes and special use taxes. Local support has been used to provide funds for operating and capital outlay expenditures. State funds have been used in both ways, typically, first as a part of current operating expenses and then more recently for capital outlay expenditures. Federal support has been limited in great measure to direct grants-in-aid for specific purposes. These grants-in-aid often have been rationalized on the basis of national requirements for defense.

Recent developments, however, appear to support a change in the amount of support and source of support from these three levels of government. Increased attention currently is found in state support supplemented by federally allocated funds. The federal funds have begun to move away from specific grants-in-aid to other types of general support. Some of the concern which we may have in connection with this trend are pointed up in the following questions:

1. Does a change in local source of support reduce local control? Since junior colleges typically are locally controlled, locally oriented, locally operated, they have claimed a great deal of authority in institutional independence. To receive funds from an entirely different source may reduce these local preferences. An example may help to clarify what I mean: Recently, a county supported institution in one of our states decided that it would curb expenditures at its institution by eliminating enrollment of students who lived outside the county. Since this institution was a recipient of federal funds, the newspaper editor of an adjacent county wrote to Washington to inquire whether the county board had the right to make this decision. The question still is unanswered, but I am sure you will see the implications involved.

2. Will increased support from state and federal sources provide additional funds or merely replace local funds? The increased gross national product and a resulting increase in income which is received both by individuals and the nation as a whole has not increased local support for education. Studies carried out in many places in the country have indicated that there is not a direct relationship between increased income and increased local expenditures for education. Now then, are total expenditures for education to be raised in line with the increasing cost of operating educational institutions in the time of rising income? Is this to be done by maintaining the same level of local support and increasing the state support? Is it to be done by maintaining the same level of local and state support and increasing federal support? If the latter is true, what implication does this fact have for the responsibility of the college or other institutions to provide programs which will be equally beneficial to students who live 2,000 miles away as they are for students who live in the immediate vicinity?

3. Do sources of support patterns force "efficiency" or other "desirable improvements" in education? The problems of small administrative units have been alleviated in great measure by the formation of larger districts. Should money be used as a weapon to force reluctant localities to do what they should do anyway? The district problem has been a particularly important one for community junior colleges. Efficient units have not been possible in many states where regular school districts have been used as a basis for support. In states such as California where there is a long history of junior college development, recent district reorganization has been encouraged by state law and regulations. This enlargement has been accomplished by combining smaller junior college districts into larger districts. States such as Iowa, Kansas, Michigan, and Illinois have experienced recent pressure to develop larger junior college districts. Florida, in outlining its basic community college plans, immediately faced the problem associated with smaller districts and provided for larger districts which, in this instance, meant combinations of counties rather than combinations of small school districts. In a few states, reluctance to add any more education to local

> support responsibilities has resulted in the largest district of all -- an entire state. Some new community junior colleges have been set up with their total support coming from the state.

Another result of the changes in sources of income is shown in studies which indicate that there is a persistently higher total expenditure for education as sources of income move away from the local area. The fact that state support raises the total expenditure to a level above that which will prevail if local factors alone determined expenditures is evidence that the external benefits of local education receive consideration in determining the level of support. A larger portion of public school revenues produced by the state is associated with higher levels of total per capita expenditures. In other words, there is a tendency for expenditures to be higher as state support increases and the cost is spread among all the residents of the state rather than merely those living within the boundaries of a local junior college district.

Another conclusion which has been reached by some writers in the field of public finance is that the scope and quality of education are, to some extent, "expenditure determining" rather than "expenditure determined" and thus constitute a policy variable. In other words, if people are concerned with and interested in the scope and quality of education at the community junior college level, this concern will determine the optimum level of expenditure rather than any predetermined amount of available money. The scope and quality come first in determining the expenditure which will be made eventually.

With these facts in mind, let us look for a few minutes at some of the results which already have obtained in Florida because of the increased expenditures in federal funds in our junior colleges. Three years ago -- 1963-64 -- Florida community junior colleges expended less than one-half million dollars of federal funds in the community junior college program. As of 1965-66, more than five and a quarter million dollars currently are being expended or are encumbered to be expended during the current fiscal year. This is an increase of more than 1,000 per cent over this short period of time. Also, it is interesting to note that in 1963-64, the funds came from three pieces of national legislation, while during the current year there are at least ten different laws which are used as a basis for this support.

There have been a number of results coming from the increased federal participation in support of community junior colleges. These might be listed as benefits or deterrents. To make a judgment as to which are benefits and which are deterrents is not appropriate at this point, so I will merely list these in order that you may draw conclusions of your own.

One of the primary results of federal support has been that each of the colleges has been forced to employ a person or persons whose full-time job is to work with the federal program. The process of filling out forms, making reports and identifying sources for obtaining funds from the federal government for grants is a full-time job, even for a small college.

Since we definitely have moved into a position where support for community junior colleges includes funds from the three levels of government -- local, state, and federal -- budget planning and long range projections must involve

consideration of all these sources. The questions outlined above would tend to influence considerations and decisions. Will additional funds replace or supplement previous sources? In a time of rising costs, will additional funds permit enrichment of programs or merely an ability to maintain status quo? When dependence upon a source of revenue is repeated in annual budgets year after year, what happens if that source is changed? To what extent is long range planning soundly based?

It is very obvious that vocational funds have stimulated program development to a great extent in the occupational areas. There has been considerably more emphasis on programs in the occupational areas than previously was the case, and colleges now are able to do many things which were only discussed a few years ago.

The student aid program has been most helpful to individuals and has enabled a number of young people to attend who might not otherwise have had an opportunity. Financial aid for students is much more generally available than before. However, we also have noticed a small trend toward decreasing concern by local organizations for providing student aid. The availability of federal funds has diminished local effort in this area.

The availability of federal funds, accompanied by passage of the Civil Rights Bill has speeded up the elimination of colleges which served predominately or exclusive members of a single race. This is particularly true in the public colleges. At the same time, however, other federal legislation has encouraged and perpetuated some institutions which have served very inadequately in the past students of the Negro race. These small, poorly located, and highly inefficient colleges have received new impetus to continue operation, even though in a number of instances they should not.

As a result of some poor planning, which apparently is no one's fault but for which everyone must suffer, there has been a great deal of slippage between the passage of bills and the availability of funds. We have two colleges which have waited over one and a half years for funds under the Higher Education Facilities Act. We have observed much poor administration and can cite specific examples where funds have been wasted. The urgency which sometimes occurs to spend before a specific date causes poor decisions and wasted effort. Deadlines which have been set arbitrarily often are impossible to follow in any sound manner, and have resulted in rushed planning which, more often than not, is poor planning. Budgets which are constructed upon anticipation of receipt of funds have been carried over into the following fiscal year with great difficulty to everyone. Project proposals have been submitted with no resulting approval or disapproval until two years later when a phone call from Washington informs the applying college that its proposal is about to be approved. By this time, the whole purpose of the project has become modified or changed, or even the need eliminated. The procedures required in obtaining approval seem to require, at times, the same careful cultivation that is common in requesting grants from foundations. Funds are not made generally available but are aimed at limited purposes which may not be appropriate for an institution. Since money is available, however, the college will try to obtain it.

The Federal Government's emphasis upon the "deprived" portion of our population has enabled junior colleges to give more than "lip service" to their stated purpose of providing educational opportunity for all. The open door policy can become a reality for both the under-educated and the under-financed.

The development of remedial programs, the increased concern for occupational education, the ability to provide financial help -- all these have resulted from the availability of funds not previously available. Colleges which previously talked now are acting.

Funds for articulation activities have been made available from NDEA, Elementary and Secondary Act funds, and have increased the participation in these activities. This has resulted in improvement of programs in foreign languages, mathematics, and in science in particular. Funds also have made it possible to provide leadership in areas which would not otherwise have been adequately supported. Examples of this are in technical education, guidance and counseling, and research. Funds also have been made available for statewide studies in the occupations and in curriculum development. There has been opportunity to improve the abilities and the quality of faculty personnel through summer programs, seminars, and conferences.

The misuse of the process of accreditation has created some real problems, on the other hand. The laws and/or the interpretation of them that membership in a "voluntary" organization is a basic requirement for eligibility to receive federal funds have placed undue emphasis upon certain types of accreditation. These procedures have placed our regional accrediting associations in untenable positions upon several occasions. Colleges which previously would not have been considered for accreditation by the Association now place unrelenting pressures upon the Association for statements implying approval or at least possible approval. Where accreditation was considered to be a desirable goal it has, under this pressure, become a necessary entry requirement for continued operation.

There have been some examples of state coordination being hindered by the fact that federal legislation, or at least administrative interpretation of the law has not recognized the state coordinating body in procedures for apportioning aid to higher education. Institutions have been encouraged, permitted, or required to make requests for funds directly to the U.S. Office of Education rather than through the legally constituted state coordinating agencies. Colleges have been placed in unforgiveable competition with each other -- sometimes to the detriment of programs in operation.

Some states have not been as fortunate as Florida is in its ability to use federal funds for the community junior colleges. We have seen a number of benefits. The difficulties generally are administrative and very likely could be corrected. The overall effect is good for the students.

These remarks outline briefly the impact that federal funds have had upon Florida community junior colleges. In closing, let us look back at the earlier points I mentioned and see how federal funding of community junior college education relates to them.

1. The economic and social benefits of education are recognized in the federal legislation.

   a) A national responsibility for education has been a motivation for federal support.

   b) The need for occupational education reflecting not only local but also state and national requirements have motivated federal support. This is not new, of course,

but has been emphasized more during recent years.

c) The provision of student loans and student work opportunities help to alleviate financial difficulties.

d) The purpose of education is helped by federal support.

2. The increased federal support is making possible three sources of income in budget planning.

a) This federal support has affected curriculum in a number of ways.

b) The federal support has influenced institutional integrity and not always positively.

c) The federal support has made the open door policy more realistically applied.

d) Federal support has created an entirely new relationship between the use of public funds in private education.

e) Federal support has affected state coordination.

The inevitability of federal support is firmly established. We now need to seek for the best ways to administer it. The three-way partnership of support can provide answers, acceptable answers, to the problems identified by economists and public finance experts. We now need to learn to apply the answers.

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